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Canada. Canadian Trade  
Relations Standing Committee  
on 1952/53  
1952-53

# THE SENATE OF CANADA



Proceedings of the  
STANDING COMMITTEE ON  
**CANADIAN TRADE RELATIONS**

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in respect to the inquiry into what, in their opinion, might be  
the most practical steps to further implement Article 2  
of the North Atlantic Treaty.

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No. 4

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THURSDAY, APRIL 23, 1953

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The Honourable A. N. McLEAN, Chairman

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## WITNESSES

The Fisheries Council of Canada: Mr. R. G. Smith, Immediate Past President; Mr. P. L. Whitman, Past Director; Mr. Gordon O'Brien, Manager; Mr. J. Norman Hyland, Vice-President; Mr. Roger Hager, Director; Mr. H. W. Welch, Director.

## APPENDIX A

Annual Value of Exports of Fisheries Products from Canada to  
NATO Countries 1931-1939 and 1946-1952.

## CANADIAN TRADE RELATIONS

The Honourable A. N. McLEAN, *Chairman*

The Honourable Senators:

Baird	Duffus	McDonald
Bishop	Euler	McKeen
Blais	Fraser	McLean
Buchanan	Gouin	Nicol
Burchill	*Haig	Paterson
Campbell	Howard	Petten
Crerar	Hushion	Pirie
Daigle	Kinley	*Robertson
Davies	Lambert	Turgeon
Dennis	MacKinnon	Vaillancourt—(30)
Dessureault	MacLennan	

35 Members—(Quorum 7)

\*Ex officio member

### ORDER OF REFERENCE

Extract from the Minutes of Proceedings of the Senate, Thursday, February 26, 1953:

"That the Standing Committee on Canadian Trade Relations be empowered to enquire into and report on—

1. What, in their opinion, might be the most practical steps to further implement Article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that—"They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

2. That notwithstanding the generality of the foregoing, the Committee be instructed and empowered to consider and report upon how, in their opinion,

(a) any project for developing economic collaboration, specifically between the countries who are signatories to the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world;

(b) any project for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty, might have the same degree of permanence that is contemplated in the twenty year Military obligation under Article 5 of the Treaty whereby "The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

3. That the Committee be empowered to extend an invitation to those wishing to be heard, including representatives of agriculture, industry, labour, trade, finance and consumers, to present their views, and that the Committee also be empowered to hear representations from business interests or individuals from any of the NATO countries who might wish to be heard.

4. That the Committee be empowered to send for persons, papers, and records, and to secure such services as may be necessary for the purpose of the enquiry.

L. C. MOYER,  
*Clerk of the Senate*".



## MINUTES OF PROCEEDINGS

THURSDAY, April 23, 1953.

Pursuant to adjournment and notice the Standing Committee on Canadian Trade Relations met this day at 10.30 a.m.

*Present:* The Honourable Senators McLean, Chairman, Bishop, Campbell, Crerar, Daigle, Davies, Euler, Haig, MacLennan, McDonald and Turgeon.—11.

Consideration of the order of reference of February 26, 1953, was resumed.

The following representatives of the Fisheries Council of Canada were heard:—

Mr. R. G. Smith, Immediate Past President, Halifax, Nova Scotia.

Mr. P. L. Whitman, Past Director, Halifax, Nova Scotia.

Mr. Gordon O'Brien, Manager, Ottawa, Ontario.

Mr. J. Norman Hyland, Vice-President, Vancouver, British Columbia.

Mr. Roger Hager, Director, Vancouver, British Columbia.

Mr. H. W. Welch, Director, Fairhaven, New Brunswick.

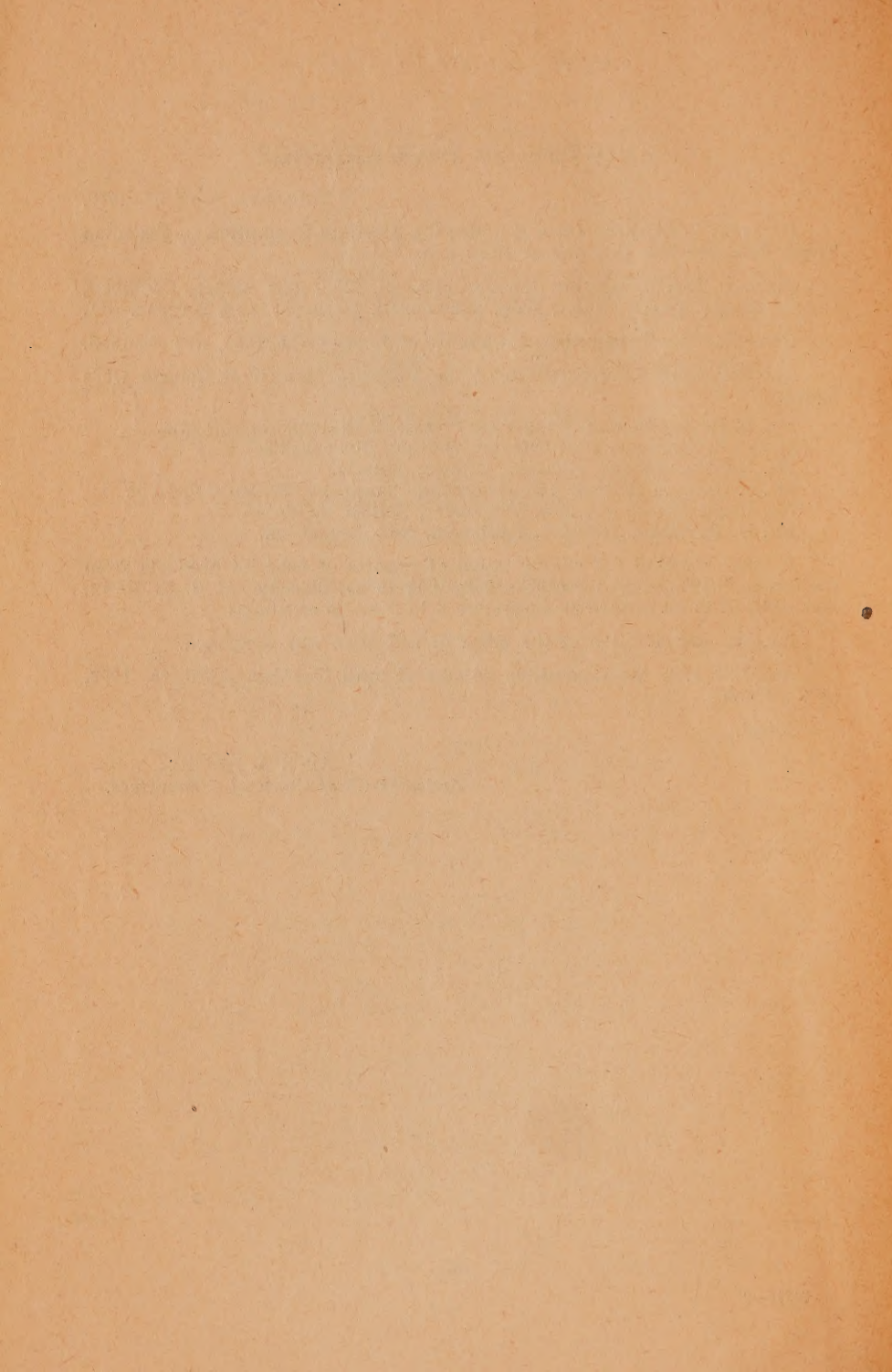
A table showing the annual value of exports of fisheries products from Canada to NATO countries (1931-1939, 1946-1952), filed by Mr. R. G. Smith, was ordered to be printed as Appendix A to these proceedings.

Further consideration of the order of reference was postponed.

At 11.30 a.m. the Committee adjourned until Tuesday, April 28, 1953, at 10.30 a.m.

Attest.

JOHN A. HINDS,  
*Assistant Chief Clerk of Committees.*





# MINUTES OF EVIDENCE

## THE SENATE

OTTAWA, THURSDAY, April 23, 1953.

The Standing Committee on Canadian Trade Relations which was empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world, met this day at 10.30 a.m.

Hon. Mr. McLEAN in the Chair.

The CHAIRMAN: Honourable senators, as you know, this is the fourth meeting of our committee since reference was made to us of a resolution introduced in the Senate on February 12 and, after debate, was passed, and referred to us on February 26th.

This morning we are highly honoured to have with us representatives of the Fisheries Council of Canada: Mr. P. L. Whitman, Halifax, Past Director; Mr. W. E. Simpson, Halifax, Director; Mr. Spencer Lake, St. John's, Newfoundland; Mr. J. Norman Hyland, Vancouver, Vice-President; Mr. R. G. Smith, Vancouver, Immediate Past President; Mr. Roger Hager, Vancouver, Director; and Mr. H. W. Welch, Fairhaven, New Brunswick, Director. Whoever the spokesman is to present the brief, we will be very glad to have him come forward, and any others who would like to say anything can follow Mr. Smith.

Hon. Mr. HAIG: Mr. Chairman, before the gentleman starts to speak, I rise, just for myself to apologize to you and to the others if I leave at 11 o'clock. We have another and very important committee of which I happen to be a member, and I promised to be there. I will stay here as long as I can.

The CHAIRMAN: We understand that, Senator Haig.

Mr. P. L. WHITMAN: Honourable Senator McLean, I noticed that in your list there the name of Mr. Francis Millard, the President of the Council, was apparently omitted.

The CHAIRMAN: Yes. Mr. Francis Millard, of Vancouver, B.C., is with us this morning too.

Mr. WHITMAN: Mr. Chairman, honourable senators:

## INTRODUCTION

The Fisheries Council of Canada appreciates the opportunity afforded it to appear before this committee. The matter which you are investigating, of encouraging economic collaboration between the countries which are supporting the North Atlantic Treaty, is an important one to Canada's fishing industry.

We do not come before you with specialized knowledge of the basic factors affecting this trade, i.e. exchange and currency problems. We are, however, in a position to discuss with you the marketing of our fishery products in these countries, in a practical way, and shall be glad to try and answer any questions the members of the committee may care to ask. We trust that this brief review of the position of this industry's trade with these various countries may prove of assistance in your study of this question.

On the currency aspects of this trade, may we say, however, that we support the simple economic truth that countries cannot buy from us unless we buy from them.

## GENERAL

A discussion of our fishery exports, salted, fresh and frozen, canned and by-products, could be reviewed in several ways—geographical areas of production, by product, or by taking in turn the various export countries with which we are concerned today. We shall endeavour to present the picture to you as clearly as possible, without too many statistics, and by using a combination of the methods just mentioned.

The attached table outlines the history, from 1931 to 1952, of exports of fishery products from Canada, inclusive Newfoundland, to these NATO countries. (See Appendix A). You will note, when you come to examine this table, that it gives exports by dollar value. The most striking fact shown by this table, after making due allowance for the higher prices prevailing in the post-war period, is the increase in exports to the United States and the decrease in exports to the United Kingdom.

## BRITISH COLUMBIA

All of the major divisions of the British Columbia fishing industry produce commodities which are items of trade with one or more of the NATO countries. Each group of commodities exhibits particular trading practices and problems and these are outlined as follows.

*Canned Salmon*

British Columbia's traditional major export market for canned salmon is the British Commonwealth and, in this group, the United Kingdom was the largest export buyer and today is potentially the best natural market for British Columbia's export surplus of canned salmon.

In recent years, sales of canned salmon to the United Kingdom have been effected only under great difficulty and, following each bulk purchase, there has never been any assurance that further purchases would follow in a normal pattern. The recent British decision to purchase \$4,250,000.00 worth of British Columbia salmon is an illustration of this situation.

Canned salmon enjoys a wide and enthusiastic acceptance by the British consumer and it is a frustrating experience for the British Columbia industry to know that there are approximately fifty million consumers in the United Kingdom who because of the dollar exchange problem have only limited and uncertain access to this high grade food product.

Resumption of normal year in and year out trading of canned salmon with the United Kingdom would be a long step toward the balancing of British Columbia's canned salmon economy.

At the present time, British Columbia is able to market limited quantities of canned salmon to Belgium, Holland, France and Italy. The controlling factor in sales to Belgium is our ability to offer at prices which still reach the maximum purchasing power in that country. Solution of this problem rests with the industry itself. The same situation prevails in France and Italy in addition to the remaining import limitations which are in effect in these latter two countries.

The United States is not an historical market for British Columbia canned salmon. For over twenty years the United States administered an *ad valorem* duty of 25 per cent on imports of canned salmon. This duty was reduced to 15 per cent two years ago. It is only under circumstances of extreme shortage in the United States market that Canadian canned salmon producers can export to the United States. Such a situation has occurred within the last six months when an acute shortage of pink salmon in the United States was



partially filled by exports from the Canadian surplus. Under present tariffs, the United States market does not present a market which can be relied upon to absorb any appreciable part of our annual production of canned salmon.

#### *Fresh and Frozen Fish*

British Columbia's principal exports of fresh and frozen fish are mainly salmon and halibut and the United States is the principal export buyer. This trade with the United States is of long standing, and apart from market fluctuations from time to time, exhibits a dependable pattern.

In pre-war years, the United Kingdom was an important buyer of frozen salmon and halibut but the continuing dollar problem has erased this outlet completely.

British Columbia's frozen salmon producers have been encouraged by the resumption of purchases by Belgium in recent years and even more recently by token purchases of this commodity by France.

#### *Fish Oil and Fish Meal*

Fish oil and fish meal contribute importantly to British Columbia's export trade in fishery products. The flow of trade in fish oil is influenced directly by the world market for fats and oils. Such Northern European countries as Western Germany and Belgium and Holland are traditional buyers of British Columbia herring oil and whale oil.

The United States had also bought substantial quantities of herring oil from British Columbia. Fish oil is freely exportable to the United States on payment of the prevailing import duties.

The United States is a large importer of fish meal which is used as an important ingredient of livestock and poultry feed stuffs. There is a firmly established pattern of trade with the United States on this commodity which enters the United States on a duty free basis.

Normal United States demand invariably disposes of British Columbia's surplus of this product and overseas sales of fish meal are rare and are for small quantities only.

### IN THE ATLANTIC AREA

#### *Salt Codfish*

The NATO countries which are, or at least were, large buyers of salt codfish from Canada are the United States, Greece, Italy and Portugal. The United States is an important buyer of salt codfish, although the volume has decreased somewhat in recent years.

This situation seems to follow a general pattern during prosperous cycles in countries with a high standard of living. People of European birth who have emigrated to the United States have long been heavy consumers of dried salt codfish. Second and third generations of Europeans, as their standards of living increase, are less inclined to continue using salt fish as a source of protein food, largely because of the extra work involved in preparation as compared to meats and fish in other forms. Salt codfish is not competing with production in the United States. United States import tariffs on this item are not high enough to materially retard sales.

Greece still remains a large importer and consumer of fish, but because of trading arrangements with European countries, some of which involve a barter basis as well as exchange restrictions, it has been impossible to effect any sales of Canadian fish. Italy remains the largest customer in the Mediterranean area for Canadian salt cod fish and every possible step should be taken to ensure the continuity of that trade and its possible enlargement.



Portugal up to 20 to 25 years ago was one of the world's largest importers of salt cod, ranking second only to Spain as a world importer. During this period Newfoundland shipped 400,000 cwts, about half of Portugal's requirements, compared with a mere 30,000 cwts. of 1952 production sold to this country. However, it is believed that Portugal's consumption of fish is as much or greater now than it was two decades ago. Portugal has substantially increased her own fishing fleet operating in the North Atlantic, thereby increasing her national production. Despite this increased national production, substantial quantities of salt cod fish are imported into Portugal from Iceland, Norway and France. The above data clearly indicates that Canadian fish has been practically excluded.

Fresh and frozen fish and shellfish from the Atlantic area of Canada enjoy an expanding market in the United States. This market, serving a population of over 150 million people, which number is increasing at some 2 millions annually, offers to us a greater opportunity than any other market for expanding our sales, especially in view of the low per capita consumption of fish and fishery products in this continent.

The principal species of Atlantic coast fish that we export to this large and important American market are: Fillets, lobsters, swordfish, smelts and halibut.

#### *Groundfish Fillets*

It is vital to these branches of the Canadian industry that the U.S.A. market be retained and cultivated. Consequently, our industry views with much concern representations now being made by New England States' interests to their government at Washington with a view to curtailing imports of groundfish fillets from Canada and other countries.

We suggest that our government should watch this situation very closely and if any attempt is made by the United States to impose additional trade restrictions in the form of quotas or higher tariffs upon the import of Canadian groundfish fillets, our government should make a vigorous protest and take all steps within their power to protect our industry.

Hon. Mr. EULER: Mr. Chairman, may I interrupt to ask a question? What are groundfish?

Mr. SMITH: Groundfish are fillets of cod, haddock, rosefish, and so on. The definition is one used by the United States tariff. Those are the fillets that are referred to.

Hon. Mr. EULER: I am wondering why they are called groundfish?

Mr. SMITH: I suppose it is because they are caught on the banks. I really cannot say why they are called groundfish. It is just a description which has grown up without very much reason for it.

Hon. Mr. McDONALD: The distance they are caught from shore does not have very much to do with it.

Mr. SMITH: No.

France offers a very large potential market for frozen groundfish fillets, particularly cod, if and when import and currency restrictions are removed or modified. Very substantial quantities of frozen groundfish fillets are now being imported into France from producing countries other than Canada, principally Iceland and Norway.

#### *Lobsters*

Live lobsters and lobster meat find a ready market in the United States. While threats are made from time to time by proposed legislation in the United States which might affect the export of these items, it is most important that this market be retained.



Until the beginning of World War II Great Britain and continental Europe imported the major portion of the Canadian canned lobster pack. During the period of wartime restrictions exports were diverted to the United States and domestic markets, both of which have greatly increased their consumption. In the post war period the United Kingdom resumed imports under a very restricted quota arrangement, and has readily absorbed their small allocation. The European continent has renewed imports of Canadian canned lobster, but, due to currency limitations, the quantities involved are very limited. The opportunity for both the United Kingdom and the continent of Europe to purchase freely canned lobsters and lobster paste would have a stimulating effect on the entire industry in Canada.

In the light of this situation the United States market for canned lobster and lobster paste has become an important outlet for our industry.

#### *Clams, etc.*

Canadian Atlantic coast canned fish and shellfish that are sold in the United States market in limited quantities include canned clams, canned chicken haddie and canned kippered snacks. In the case of chicken haddie and kippered snacks, sales could be increased by a lowering of the American import duty. Canned clams, too, are subject to duty when imported into the United States although clams in the shell and clam meat are free of duty.

#### *By-Products*

While the United States is the principal export market for Eastern Canada's fish meal production, sales could be made to some NATO countries in Europe were it not for currency restrictions.

### INLAND FISHERIES

The inland freshwater fisheries of Canada account for about one-tenth of the marketed value of our fishery products and the United States is the export market. The value of these exports is substantial, running at about \$18 million annually in late years. With these products, where costs of placing the fish on the market are higher than in the case of the deep-sea fishery, market price is a vital factor and, when foods generally decline in value, this fishery is one of the first sections of our industry to feel the effects.

Mr. Chairman, that is a brief review. We are at your pleasure if there is further information desired.

We have a chart which might prove beneficial to honourable senators.

The CHAIRMAN: It will be included in the proceedings as an appendix (See appendix at the end of today's proceedings).

The CHAIRMAN: Are there any questions honourable senators would like to ask?

Hon. Mr. MACLENNAN: You refer several times in your brief to the desirability of retaining the United States fish market. What would you suggest should be done to retain this market? What means would you take to retain the United States market if the United States government sees fit to impose restrictions or quotas or increases in duties?

Hon. Mr. HORNER: Or apply total prohibition as they did in the case of many dairy products.

Hon. Mr. MACLENNAN: Exactly. It seems to me there is nothing you can do unless you take some retaliatory steps.

Mr. SMITH: Mr. Chairman and honourable senators, if such a thing happened it would be a disastrous blow to the Canadian fishing industry.

Hon. Mr. MACLENNAN: I know.



Mr. SMITH: We would find ourselves without a market for 50 to 55 per cent of our fish production, and we would really be in very serious trouble. What steps could be taken by the Government of Canada I do not know. It is a subject, I may say, which has us all very much worried at the present time. Recent moves have struck great fear in our hearts as to what may happen to our United States market.

Hon. Mr. CAMPBELL: Is their own production sufficient to meet their needs?

Mr. SMITH: No, it is not.

Hon. Mr. CAMPBELL: Perhaps that would be a reason why they would not impose too heavy a restriction on your products.

Mr. SMITH: The consumption of fillets in the United States last year was something like 230 million pounds. The imports of fillets from all countries to the United States was in the vicinity of 107 million pounds, of which Canada's share was about 48 million, not quite half. What has caused this situation to arise in the United States is a glutting of the market. There are more fillets in there than the market can absorb, and consequently things are not in a good state. That has brought about the agitation for quotas or restrictions of some sort on the import of fillets into the United States.

Hon. Mr. HORNER: An important factor as far as the United States is concerned is the present plentiful supply of beef. When the price of beef was high you had an advantage in the fishing industry, but now they have plenty of beef, pork and chicken. Incidentally, what hope is there with respect to the South American countries?

Mr. SMITH: Well, the trouble there is you run into currency restrictions and the distributing set-up in those countries is not capable of handling fish products. They do not have the proper refrigeration facilities, and besides that the fish produced in this country come from a high-cost area and I guess they just cannot afford to buy it.

Hon. Mr. CRERAR: I would like to ask Mr. Smith a question arising, I may say, out of my profound ignorance of the whole problem. You spoke of frozen fish. Can the quality of fish that is taken from the water be maintained by quick freezing and keeping it frozen until it reaches the consumer? I know that we are able to buy fish in Winnipeg in nice cellophane covered packages. Can the quality of the fish be maintained for any length of time or does it deteriorate?

Mr. SMITH: Senator Crerar, it does deteriorate with time. It can be maintained up to a certain period. There is a great argument as to what that period might be: somewhere in the vicinity of six to eight months after it has been caught, provided it is strictly fresh on being originally frozen, and kept under proper temperatures all that time.

Hon. Mr. CRERAR: If that is done at the time the fish is taken out of the water, say on the Atlantic Coast, and shipped to Winnipeg and consumed there within two weeks, will the quality be maintained?

Mr. SMITH: Oh yes, I think so.

Hon. Mr. HORNER: I think Senator Crerar has eaten fresh white fish and frozen white fish, and can make a comparison himself. I have eaten fish taken out of a lake in forty below zero weather. This fish was frozen right away and was kept in that state until it reached our camp where it was eaten. I recall at the same time catching another fresh whitefish which I took great pains to protect from freezing. The frozen fish and the unfrozen fish were eaten at the camp, and there is no doubt that the fresh unfrozen fish tasted better. It is much superior.



Mr. SMITH: In my opinion there is no substitute for a real fresh fish just taken from the water.

Hon. Mr. HORNER: I agree.

Hon. Mr. DAVIES: In regard to the shipments of fish products to the United Kingdom, I notice there is a great variation here. Surely it cannot all be due to the dollar situation. I notice, for instance, in your list of the annual value of exports of fisheries from Canada to the NATO countries, 8.80 millions of dollars worth were shipped to the United Kingdom in 1951, 1.31 in 1952 and 1.78 in 1948. There is a great variation there and the dollar situation has not improved very much. What is the reason for that variation?

Mr. SMITH: Well, senator, there is almost a complete prohibition on some exports to the United Kingdom. It must be done on import licence, and I think in the places where you notice an increase there is a special consideration given in those years to certain items that are imported in those years.

Hon. Mr. DAVIES: They gave you special treatment in the years that the larger shipments took place such as 1951, 1950, and 1949.

Mr. SMITH: I would assume so, senator. This year, as you will remember, the United Kingdom has taken from British Columbia some 4,250,000 pounds of canned salmon. This will show for 1953 and will be quite an increase over 1952.

Hon. Mr. CAMPBELL: I should like to ask a question about Portugal. Is it the high cost of production that keeps you out of the Portugal market now?

Mr. SMITH: With your permission I shall ask Mr. Whitman to answer that question. He is in the salt fish business.

The CHAIRMAN: Mr. Whitman, would you come forward, please?

Mr. WHITMAN: It is not a question of the high cost of production. I would say about twenty years ago the government of Portugal decided they were going into the fish business on their own, and their aim was to be self-supporting. That is what they are trying to do, but as stated in the brief they are still buying large quantities of fish from other countries rather than Canada. It is purely a question with respect to the exchange situation.

The CHAIRMAN: They buy in the sterling area, I presume?

Mr. WHITMAN: Yes, from Iceland and Norway.

The CHAIRMAN: And do they come to the Grand Banks?

Mr. WHITMAN: Yes, and that fleet has been increasing considerably particularly since the war, sir.

Hon. Mr. CAMPBELL: What about the West Indies market like Haiti. Have we lost the business there?

Mr. WHITMAN: Not entirely, sir.

Hon. Mr. CAMPBELL: Is there still a big shipment of salt fish from Newfoundland?

Mr. WHITMAN: Yes.

Hon. Mr. CAMPBELL: It is not mentioned in the report. Is it a substantial quantity?

Mr. WHITMAN: No.

Hon. Mr. CAMPBELL: It is a small market?

Mr. WHITMAN: Yes.

Hon. Mr. DAVIES: Is the home market increasing? I suppose it increases every year?

Mr. SMITH: It is increasing but very gradually. The per capita consumption has increased about two pounds in the last five years.

Hon. Mr. EULER: Are you doing anything such as advertising to promote it?

Mr. SMITH: Well, I do not think we are doing enough. However, arising out of our meeting just concluded in Ottawa yesterday we will be doing a great deal more from now on.

Hon. Mr. HORNER: I think you are doing very well. Your efforts pretty well account for the increased consumption of fish in recent years.

Mr. SMITH: Thank you, sir.

Hon. Mr. DAVIES: Is your fish handled by the large chain stores throughout Ontario? I shall tell you why I ask that question. I noticed about a couple of years ago a big fish store in Kingston closed up, and I wondered whether this was because of competition from the big chain stores in that city?

Mr. SMITH: I think the answer to that question is that the large chain stores distributors have taken the place of fish stores as such, and many of the small grocery stores which previously sold fish. The large chain stores are handling an increasing quantity of fish.

Hon. Mr. DAVIES: That is the answer.

Hon. Mr. McDONALD: What, if anything, has been attempted by the Fisheries Council of Canada in trying to establish good relations with the similar, comparable organization in the United States, in the hope that something could be done by yourselves in maintaining the status quo as far as the marketing of fish in the United States is concerned?

Mr. WHITMAN: Honourable Senator McDonald, we have very cordial relations with the National Fisheries Institute of the United States, which is our counterpart in that country. Some of us, just previous to the meeting of the Fisheries Council, attended their meeting in Washington, and at our meeting in Ottawa the Immediate Past President and manager of their organization was here. We have been working in very close collaboration. Of course, there are things on which we do not have complete agreement. One of the things is on the question of imports. They think that too many foreign fish are coming in; and so far we have managed, or perhaps I should say, have helped to try to disperse that feeling; but it is getting more difficult all the time. You probably saw that recently there was an application to the United States Tariff Commission for an increase of duty on groundfish filets, which we did our best to stop, and got a very favourable decision. There is a rumour now that a new application on this question is to go before the Tariff Commission. Perhaps it is something which I should not mention here, because it is more or less a rumour, but very strenuous efforts are being made now to bring tariff action against Canadian fish. We are at this moment putting in a plan for sales promotion and advertising of filleted fish in the United States along with their own industry, which we hope will have the effect of increasing sales and business to a point where tariff action will not be necessary.

Hon. Mr. DAVIES: Do we import a lot of fresh fish from the United States into Canada? Is it not a fact that there are a lot of fisheries along the United States coast of Lake Ontario shipping fish across the lake in considerable quantities practically every day of the fishing season?

Mr. WHITMAN: I would think there is something to that, sir, but the items that do come in in fairly large quantity are items which we do not produce in this country, such as bulk oysters. We do produce very good shell oysters in Canada—there are none better—but we do import large quantities of bulk oysters from the United States.

Hon. Mr. DAVIES: There are no oysters crossing Lake Ontario, surely?



Mr. WHITMAN: I cannot answer that. Perhaps there is someone in the group who can answer it.

Mr. G. O'BRIEN (*Ottawa*): I think that would be a very minor movement. We are ourselves very large shippers of lake fish; our exports to the United States run around eighteen or nineteen million dollars.

Hon. Mr. DAVIES: But we do import?

Mr. O'BRIEN: Yes, oysters and other varieties we do not produce in Canada.

Hon. Mr. TURGEON: Have you any hope more than you express here for increased trade with the United States in British Columbia canned salmon? Is there any chance of accomplishing anything there?

I shall have to ask one of my British Columbia friends to answer that. Mr. Hyland?

Mr. J. NORMAN HYLAND: Mr. Chairman, as outlined in the brief, we in British Columbia do not regard the United States as a hopeful or prospective market for our canned salmon. The ad valorem duty under normal trading conditions constitutes a very formidable obstacle to trade with that country. It is only under circumstances where there is a very distinct shortage of salmon in the United States and where there is a proper spread between our two price levels that we can achieve access to that market for canned salmon.

Hon. Mr. GERSHAW: I notice you say that British Columbia's principal exports of fresh and frozen fish are mainly salmon and halibut and the United State is the principal export buyer. And you called that "a dependable pattern". Are there any steps that could be taken to bring about the same relations with British Columbia canned salmon as with the other fish products in the province, or do you think it is hopeless?

Mr. HYLAND: Well, I would not term it hopeless, but the United States with its industry in Washington and Oregon, and its very substantial industry in Alaska, over a long period of years has maintained a very high protectionist attitude toward canned salmon, and for many years a 25 per cent ad valorem duty constituted almost a complete barrier, and when you consider that these ad valorem duties are being put on a product with a value today ranging from \$15 a case to \$35 or \$40 a case, applied on a per case basis, the duty is very high, and there is not sufficient difference in the cost of production in British Columbia and the United States producing centres that we can hurdle that part of the barrier.

Hon. Mr. GERSHAW: Is your tariff much higher than the Canadian tariff on the same products of canned salmon?

Mr. HYLAND: No, I believe they are equal.

Hon. Mr. GERSHAW: So our tariff is not any lower?

Mr. HYLAND: No.

Hon. Mr. EULER: Was there anything done at the meetings of GATT to do with that question?

Mr. HYLAND: Yes, when the reduction from 25 per cent to 15 per cent was achieved.

Hon. Mr. EULER: Did it help, though?

Mr. HYLAND: Yes, certainly it helped. For instance, in the trading which is referred to on pink salmon, in the past six months a range of prices in Canada for a case of pink salmon, our present domestic price to the trade is \$15. The range of price in the United States has been from \$18 to \$20. So the Canadian producers could under that range of prices sell in the United States, pay the duty and still be netting not lower than their Canadian sales price. That, of course, absolves them from the risk of dumping action.

Hon. Mr. EULER: They did get some benefit then?

Mr. HYLAND: Yes, although the duty was 10 per cent less than it should have been.

Hon. Mr. CRERAR: At the present rate of increase in the population of the United States, as that population expands and shows every evidence of expanding steadily, what effect is it going to have on the demand in the United States for fisheries products and other products that they will be short of themselves?

Mr. HYLAND: I believe that unquestionably that is going to be the case, and responsible thinking in government circles in the United States concerned with fishery matters, and the trade itself, takes a long term outlook, that they will be depending on imports for a greater percentage of their fish needs.

Hon. Mr. CRERAR: In other words, the consumer in the United States will increase his influence in these matters and get as cheap food as possible.

Mr. HYLAND: Yes. It is our opinion, too, as an industry, that our industry is at the cross-roads of marketing practice. We, admittedly, over the past ten to twelve years have enjoyed relatively simple marketing. There was a ready demand for our product in this country and in the export countries which were available to us. Meat prices, the prices of competitive products—protein foods, were larger, and in many cases these products were very short. In the circumstances, fish commended a ready sale. That is not the case, in general now. This has been the subject of discussion in our meeting at Washington, and here in Ottawa, in the past few days, that we would have to bring an entirely new type of thinking to our product. We must merchandise it more, and we are convinced that with sales promotion and advertising we can increase the per capita consumption of fish as a food; and that is the soundest and best long term approach to our marketing problem.

Hon. Mr. McDONALD: I think, Mr. President, that is very important. I do not wish to be critical, but I want to pass on what I hear from our consumers a great deal, and that is that there seems to be too great a spread between what the fisheries receive and what the consumer has to pay for his product.

Mr. HYLAND: That is a common criticism, and we have been subjected to it from various sources. It is difficult, and in fact I think it is very dangerous to generalize on it, because as you will all appreciate there are many costs to be covered from the time the fisherman takes the fish from his line or net.

Now, the record of fish production and distributing in this country, and, I think in any country, shows that it is not a large margin industry by any means. Anyone touching fish at any level does not make a large margin of earning or profit on it; and it is true that some of our cheaper species of fish expressed in cents per pound do appear unusually low.

Another factor which I believe contributes to this point which you mentioned, is the fact that changes in the basic cost of fish are not quickly or immediately reflected in retail prices. I think the reason for that is that fish is not in active enough demand. Retailers do not look upon it as something they always have to be competitive in in order to obtain their share of the fish business. We know that as soon as beef goes down, retailers announce low prices of beef and pork. There are seasonal fluctuations in the prices of fish. We know that as producers and distributors. But very often a retailer handling fish, cod filets or haddock filets won't change his price on haddock filets all the year around, no matter what happens to his costs. That is not so true on canned salmon particularly. It is an active item in the grocery trade, and it is greatly advertised, and the chain stores merchandise it actively. It is very competitive at the retail level. There were very substantial reductions in canned salmon prices last year, and within a day or two of a new price schedule being announced the retail prices were dropped.



Hon. Mr. McDONALD: I would think that good work could be done in establishing better relations if you could solve just what accounts for the large spread between what the fisherman receives and what the consumer has to pay for the fish.

Mr. HYLAND: Yes, I think that is a good suggestion, and it lies in our responsibility as processors.

Hon. Mr. GERSHAW: Is there much difference in the cost of preparation for sale of canned salmon between British Columbia and North Western States?

Mr. HYLAND: I do not think the actual differences of processing are too great; but in Alaska, particularly, many of the producers there have access to fish which is caught in traps, which admittedly is acknowledged to be a cheaper method of securing raw supplies. It is true that not all the Alaska salmon is caught in that way, but there is sufficient to reduce the average cost slightly below our own. I would think in some species their costs of raw fish would be less than ours.

Hon. Mr. DAIGLE: Could you give us an idea of the difference in quantity between the salmon caught in the United States waters and that caught in Canadian waters?

Mr. HYLAND: I can relate it in terms of cases canned. The average pack of B.C. canned salmon is 1,500,000 cases per year, over the past ten years. There has been a slight improvement in our per year pack. The Alaska pack plus Puget Sound is in the vicinity of four million.

Mr. HAGER: It is closer to five million.

Hon. Mr. DAIGLE: Is that the only packing plant in the United States?

Mr. HYLAND: There is Alaska, Washington and Oregon.

Hon. Mr. DAIGLE: You do not know about the Washington total?

Mr. HYLAND: They are all grouped together.

Hon. Mr. TURGEON: Traps are not used in the Washington-Oregon waters, are they?

Mr. HYLAND: All in Alaska.

Hon. Mr. TURGEON: All in Canadian waters.

Mr. HYLAND: There are four or five traps operating at the southern tip of Vancouver Island; it is only the trap line remaining.

The CHAIRMAN: But traps are legal in British Columbia.

Mr. HYLAND: They are legal but there are no more licences being issued.

Mr. HAGER: Just at the one specific area or one company, and the license is subject to being secured each and every year.

The CHAIRMAN: And other licences applied for are refused.

Mr. HAGER: They haven't been refused yet.

The CHAIRMAN: But if new licences are applied for they will be refused.

Mr. HAGER: That will be up to the government in Ottawa.

Hon. Mr. TURGEON: Would it be of benefit in your opinion if traps were licensed more or less generally?

Mr. HAGER: Very definitely, Senator Turgeon. Alaska puts it all over us on cost of production.

The CHAIRMAN: As an association have you made representations in that connection?

Mr. HAGER: Oh, yes.

Mr. HYLAND: I don't think we have as an association.

Hon. Mr. TURGEON: There was some effort made a few years ago.

Mr. HYLAND: Yes.

Hon. Mr. DAVIES: May I ask a personal question? I note that Great Britain proposes to import \$4,500,000 worth of canned salmon. Where will that canned salmon go? As you know, I spend two or three months every summer in Britain and I always make it a point to ask for Canadian products of various kinds but I find great difficulty in locating them. Does all this fish go to London, for instance?

Mr. HYLAND: No. Admittedly sir, the limited quantity of canned salmon which Britain is able to finance the purchase of is far from adequate to give complete distribution there. They do, I believe, direct it to the industrial areas.

Hon. Mr. DAVIES: Is it bought by the government?

Mr. HYLAND: It is bought by the British Ministry of Food.

Hon. Mr. DAVIES: And is allocated by him?

Mr. HYLAND: And is allocated by him.

Hon. Mr. DAVIES: It is the same situation as that of beef cattle all over rural Wales. None of it is kept up there. It is shipped to other places on the order of the Ministry of Food.

Mr. HYLAND: The same thing happens with respect to fish.

• The CHAIRMAN: Have you found that subsidized canned pork has interfered with your salmon sales?

Mr. HYLAND: It is difficult to assess the complete effect of competition of that nature. One of the questions directed to us was, what are we doing as an industry to keep up the rate of consumption for our product? Speaking for the British Columbia Canned Salmon producers, it was our thinking in 1946 that the export prospects for our product were very uncertain, because during the war the domestic market was necessarily neglected, and for some years our entire output was devoted to overseas shipments. Many new Canadian housewives had never been in the habit of using canned salmon in their homes and many others had forgotten about it. We felt that it was imperative as an industry that we embark upon a program to once again place canned salmon in active acceptance in the Canadian market.

The canneries voluntarily assessed themselves so much per case to raise an advertising fund. Over the past four years we have spent, as an industry, \$900,000 in sales and promotional advertising throughout Canada. That sum is in addition to the private label advertising which has been carried on normally by the individual packers. The result of that promotional campaign is evident to us.

It is true, we could have expected and perhaps should have expected some increase in Canadian consumption of canned salmon by reason of our increased population and improved purchasing power and expanding distribution facilities. Nevertheless, we are confident that our efforts have been successful. In the prewar years the average Canadian consumption of canned salmon was from 550,000 to 600,000 cases annually; our current marketing year which ends June 30th should roll up a figure close to 900,000 cases. We have succeeded in almost reversing the former relationship of export trade to domestic trade. It used to be that 65 per cent of our trade was export and 35 per cent domestic; now we are almost at the point of having 65 per cent domestic and 35 per cent export.

Hon. Mr. HORNER: May I ask whether the herring fishermen's strike outlasted the entire season for that fish?

Mr. HYLAND: It did. There was practically no production of herring in British Columbia in the 1952-53 season. Small quantities were taken for dry salting, but they were very small.



Hon. Mr. CRERAR: I should like to ask a question, Mr. Chairman, which may be outside the sphere of the present witness, but perhaps someone here can answer it. It seems that in the Atlantic coastal fishing areas the fish are moving north to cooler waters. Is there anything to that, and if there is, would it have any effect on the cost of processing these fish for market?

Mr. SMITH: That is true, senator. There has been a movement of fish to cooler waters. Of course, the farther away you have to go to get the fish the more it will cost and the more difficult it is to land the fish in good condition; much more time is added to the length of the trip. As far as the North Atlantic area is concerned, there does seem to be a cycle in progress now in which warmer waters are coming to the Banks and as a consequence there is a movement of some species of fish to the northern banks.

Hon. Mr. BISHOP: Are the trawlers putting the shore fishermen out of business in Nova Scotia and other Maritime provinces? What generally is the effect of trawlers on shore fishermen?

Mr. SMITH: Honourable senator, I do not think the effect of trawlers on shore fishermen has been too detrimental. In any business you must have a continuity of operations in order to develop that business. The shore fisherman with his little boat is a factor, and he must be taken care of, but I don't think we could develop a real fishing industry by restricting mechanical fishing by trawlers and going exclusively to the small boat fishing.

Hon. Mr. MACLENNAN: You do not restrict them.

Mr. SMITH: Trawlers are under licence from the federal government, but there has not been much restriction on the issue of licences.

Hon. Mr. MACLENNAN: The committee seems to be hearing a good deal about British Columbia salmon, and I am getting a little tired of it. Let us hear some talk about Nova Scotia salmon, for example. Is there anybody here who will say that it is easier to dispose of Atlantic salmon than this stuff they catch in British Columbia?

An Hon. MEMBER: No; there is not.

The CHAIRMAN: Mr. Welch, from the Atlantic coast may be able to tell us something about Nova Scotia and New Brunswick fish.

Mr. WELCH: Mr. Chairman and senators, I am afraid the production of salmon on the Atlantic coast is such that it does not make very much difference on the markets of Canada or the world. The production is very, very small. There are only a few cases of salmon canned, and that is for household use more than anything else. It does not go into the commercial market.

Hon. Mr. HORNER: Perhaps it would not come up to the high standard required for export?

Mr. WELCH: I would not say that. Personally, I think it has a better flavour—with all deference to my British Columbia friends—but the quantity is very small and the price is high. It usually goes to Boston and other United States markets, but the price is too high to can.

The CHAIRMAN: That is fresh salmon?

Mr. WELCH: Fresh salmon.

The CHAIRMAN: Would anyone else from the Council like to say something?

Mr. HYLAND: Senator McLean has called to my attention that I did not adequately answer his question about the effect of subsidized canned pork on the sales of our product.

Unquestionably it does have an effect. Any artificial price level which is established in the manner in which canned pork was handled, is bound to have an effect on canned salmon, which is in the same price range. Undoubtedly if canned pork was selling at a price directly related to its cost of production,

we would very likely be in a better competitive retail selling position. We have queried many of our retail store outlets on this question and they did mention that initially, when pork came on the market at a cheaper price, there was a noticeable effect on canned fish sales. We are all hopeful that this year's business will demonstrate that we will maintain or even slightly increase our canned salmon sales in Canada. It is an academic question to ask us what the situation will be—maybe our sales would be much greater if it were not for the competition from canned pork.

The CHAIRMAN: Are there any further questions?

Mr. WELCH: I should like to say a few words on that subject. It is not my desire that I should discuss the canned sardine question. It was left out of the brief because Senator McLean knows more about canned sardines than anybody here. But we in that business feel that subsidized canned pork has had a definite effect upon our sale of canned sardines. Canned sardines is in the lower price class, and canned pork does have a retarding effect on our sales.

Hon. Mr. CRERAR: May I ask whether the witness would suggest, as a solution for the problem, that the government should get out of the canned pork business or get into the fish canning business?

Mr. WELCH: I would suggest that they get out of the canned pork business.

The CHAIRMAN: There is no question about it but that fish and pork come into competition at a certain price level. Here you have one food industry paying its tax, and paying an additional tax to subsidize another industry that is selling in competition with it.

If there are no further questions, I am sure I speak for every member of the committee when I express our appreciation for the very fine brief presented by our witnesses today.

Whereupon the committee adjourned.



## APPENDIX A

ANNUAL VALUE OF EXPORTS OF FISHERIES PRODUCTS FROM CANADA (inclusive Newfoundland)  
TO NATO COUNTRIES (Except Iceland and Turkey)\*  
1931-1939 and 1946-1952  
(Millions of Dollars)

Year	United States	United Kingdom	Belgium and Luxembourg	Denmark	France	Greece	Italy	Netherlands	Norway	Portugal
1931	12.32	7.02	.24	.14	.86	.40	1.41	.20	.03	1.03
1932	9.22	4.79	.17	.05	.44	.37	.84	.28	.01	.73
1933	9.33	5.04	.19	.07	1.37	.09	1.13	.08	.03	1.01
1934	9.62	6.78	.18	.05	1.03	.23	1.19	.20	.06	1.01
1935	10.89	7.75	.15	.13	.81	.27	1.01	.08	.04	.93
1936	13.47	6.82	.15	.08	.90	.35	.21	.08	.07	1.00
1937	14.56	7.63	.14	.10	.79	.17	.13	.04	.07	.80
1938	13.32	8.10	.10	.03	.71	.44	.58	.40	.09	.53
1939	14.65	9.52	.12	.03	.43	.38	.92	.05	.10	1.03
1946	58.97	15.32	.14	—	1.30	1.34	4.85	.20	†	2.77
1947	51.76	7.20	3.24	†	†	1.36	3.49	.05	.01	3.06
1948	69.93	1.78	2.71	.17	.26	4.51	6.15	.14	—	3.19
1949	66.70	8.21	3.06	.37	—	.10	2.35	.08	—	1.82
1950	80.92	5.05	5.37	.12	.04	.22	2.89	.93	—	4.07
1951	85.17	8.80	2.55	†	.35	.09	3.73	1.04	.23	2.04
1952	87.71	1.31	2.58	†	.53	†	2.67	.74	.12	.79

\* Source.—Fisheries Statistics of Canada, Trade of Canada, and Newfoundland Customs Returns. Our annual exports of fisheries products to Iceland and Turkey were nil or negligible throughout the periods covered. Figures are only approximate because data for Newfoundland were available only for fiscal years (ending June 30 from 1931 to 1939, and ending March 31 for years 1946-47 and 1947-48), and these were combined with calendar year data for Canada. Calendar year data for 1948 were obtained from the report of the Newfoundland Fisheries Board.  
† less than \$5,000.

Markets and Economics Service, Dept. of Fisheries, Ottawa.  
April 13, 1953.

